

AGOA Renewal Act of 2023

Sen. Chris Coons

The African Growth and Opportunity Act (AGOA) is the cornerstone of the United States' economic relationship with Sub-Saharan Africa. By lowering the cost of trade and encouraging investment in the region, AGOA has created valuable opportunities for U.S. businesses, workers, and consumers, while promoting sustainable economic growth and development throughout the region. Reauthorizing AGOA would offer businesses the confidence to increase production in Sub-Saharan Africa at a time when many firms are looking to diversify their supply chains. But industry investment is often planned years in advance, and Congress must extend AGOA soon in order to capture this opportunity.

This discussion draft of the *AGOA Renewal Act of 2023* includes the following updates to the program:

- **Extension (Sec. 2):** The bill would extend AGOA by 16 years, pushing back the program's expiration from 2025 to 2041. This long-term extension would provide businesses the certainty needed to invest in sub-Saharan Africa, supporting economic growth and development in the region. The extension mirrors the 16-year sunset provision included in the U.S.-Mexico Canada Agreement.
- **Integration with AfCFTA (Sec. 3):** Signed in 2018, the African Continental Free Trade Agreement (AfCFTA), is intended to foster trade and spur economic integration and growth throughout the continent. While AGOA is limited to sub-Saharan African countries, the *AGOA Renewal Act* would modify AGOA's rules of origin to allow inputs from North African AfCFTA members to count toward the requirement that 35% of a product's value originate in the region. This change would help AGOA reinforce the AfCFTA's promise to develop intra-African supply chains. Importantly, to participate in the expanded rules of origin, North African countries would be required to meet AGOA's eligibility requirements related to governance, human rights, and foreign policy.
- **Graduation (Sec. 4):** Under current law, countries lose eligibility for AGOA once they become "high-income" according to the World Bank's measure of GDP per capita. Yet developing economies often have volatile GDP numbers that fluctuate considerably year-to-year. What is more, the shock of losing access to AGOA can cause economic contraction—not just in the directly affected economy, but among regional trading partners, as well. The *AGOA Renewal Act* would ensure that countries do not lose eligibility until they have maintained "high-income" status for five consecutive years.
- **Eligibility Reviews (Sec. 5):** Current statute requires the President to undertake an annual review of all 49 AGOA-eligible countries to evaluate their continued eligibility for the program. The *AGOA Renewal Act* would reduce that obligation, requiring a review of each country at least once every three years. Triennial reviews are the standard practice for other trade preference programs, such as the Generalized System of Preferences (GSP). This change would free resources to focus on effective implementation of AGOA and enforcement of the program's requirements. The President would retain the authority to conduct an out-of-cycle review of the eligibility of any country at any time, and the bill requires that USTR undertake an immediate out-of-cycle review of South Africa.
- **Textile Visas (Sec. 6):** Current statute requires AGOA beneficiaries to transmit a "textile visa" to U.S. Customs and Border Protection (CBP) with every shipment of apparel. Textile visas were once common, but CBP no longer needs them to effectively monitor imports, and today they are in use only because statute requires them for trade with AGOA beneficiaries and Haiti. The *AGOA Renewal Act* would facilitate trade by eliminating requirements for textile visas.
- **Production Verification Visits (Sec. 7):** Current statute mandates that CBP send "production verification teams" to "at least four" AGOA beneficiaries each year in order to monitor compliance with AGOA's rules of origin. This requires CBP to devote disproportionate enforcement resources to sub-Saharan Africa. The bill would modify the requirement to require CBP to send production verification teams to sub-Saharan African countries "as necessary to verify compliance" with AGOA, freeing CBP to devote enforcement resources where they are needed most.

Sen. Coons welcomes input on this discussion draft. Please send questions or comments to Sam_duPont@coons.senate.gov.